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## **News Release**

FOR IMMEDIATE RELEASE  
Tuesday, July 8, 2008

### **Stewartville man pleads guilty to defrauding elderly couple**

A 46-year-old Stewartville man pleaded guilty today in federal court to one count of mail fraud and one count of tax evasion in connection with a scheme to defraud and obtain money and property from an elderly and vulnerable Elkton, Minn. couple.

Joseph William Hughes entered his plea before United States District Court Judge Ann Montgomery July 8 in Minneapolis. Hughes was indicted on April 23.

According to his plea agreement, from May 2004 through December 2006, Hughes was a registered representative of AXA Advisors LLC, a financial services company that sold insurance and investment products, and retirement planning services.

The couple became clients in June 2005 after the husband suffered a stroke that significantly impaired his ability to manage the family's finances. After the stroke, the couple provided more than \$400,000 to Hughes for investment in AXA investment accounts.

In June 2005, Hughes began executing a scheme to embezzle the \$400,000 and he diverted the funds from the couple's AXA accounts for his own use and benefit. In furtherance of the scheme to defraud, on June 29, 2005, Hughes mailed a letter containing a \$33,000 check from the victims to AXA's offices in New York, which he then diverted to his own use and benefit.

The funds embezzled by Hughes were income that he was required to report on his income tax returns, and on March 5, 2006, Hughes willfully attempted to evade and defeat a large part of the income tax due and owing by him to the U.S. by preparing false and fraudulent income tax returns.

Hughes faces a potential maximum penalty of 20 years in prison on the mail fraud count, and five years on the tax evasion count. Judge Montgomery will determine Hughes's sentence at a future date. Hughes has already forfeited a 1969 Chevy Nova to the U.S., which was purchased with funds fraudulently obtained from the elderly couple.

This case is the result of an investigation by the United States Postal Inspection Service, the

Internal Revenue Service-Criminal Investigation Division, and the Minnesota Department of Commerce-Division of Insurance Fraud Prevention. It is being prosecuted by Assistant U.S. Attorney John R. Marti.